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C O N F I D E N T I A L

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ACTION: ECON

INFO: AMB POL DAO DCM

DISSEMINATION: ECON /1

CHARGE: PROG

APPROVED: ECON:NQUAST

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INFO RUEHZK/ECOWAS COLLECTIVE

RULSDMK/DEPT OF TRANSPORTATION WASHDC

C O N F I D E N T I A L ABUJA 002170

SIPDIS

E.O. 12958: DECL: 08/21/2016

TAGS: [FAIR NI](#)

SUBJECT: THE BIG PLANS OF ARIK AIRLINES

REF: A: LAGOS 962 B: LAGOS 1075 C: LAGOS 1095

Classified By: A/DCM Necia Quast for Reasons 1.4 b, d and e.

¶1. (SBU) Summary: Alex Van Elk, the Managing Director of Arik Air, called on the Ambassador July 31 and outlined the ambitious plans of Arik Airlines. Owned entirely by Nigerian investor Arumami Johnson, according to Van Elk, the airline management was almost fully expatriate. Having bought Nigeria Airways' real estate at Murtala Muhammed International Airport (MMIA) and taking delivery of five aircraft, Arik was set to begin flying September 14 to nine domestic and four international destinations in West Africa. By late spring 2007, the airline hoped to add intercontinental flights to Atlanta, Houston, and London (Stansted) via Dubai, and eventually to Beijing. Arik was shopping for more aircraft down line, talking to both Boeing and Airbus. The airline appears to have established good relations with the Aviation Ministry. Arik has begun to build a large repair and maintenance hangar at MMIA and has contracted with Lufthansa to do repair and maintenance at the facility, which would be open to all airlines. This facility will provide tough competition for the DynCorp-built facility in Akwa Ibom state, which broke ground on August 12. End Summary.

¶2. (SBU) On July 31, the Dutch national managing director of Arik Airlines, Alex Van Elk, called on the Ambassador to outline the ambitious plans of his company. The current management team of ten was now staffed entirely by expatriates. Total staffing was about 220. Van Elk said the Board had provided a mandate for the Airline to establish and maintain international or better safety and operating standards, and he foresaw at least a three-year period during which the management team would train local counterparts before the company began to shift to Nigerian management staff.

¶3. (SBU) With a fleet of three 50-seat CRJ-200s and two Boeing 737s, the airline plans to launch domestic and international service on September 14, both domestically and internationally, with all flights starting from Lagos. The international destinations will be Accra, Douala, Malabo and Dakar. Arik had preliminary approval from the Aviation Ministry to fly to the U.S. to Atlanta and Houston, and to London Stanstead via Dubai. Arik was looking at flying to

Beijing. In addition, the airline had been discussing the possibility of working jointly with Air France to build a network of air links within West Africa. Arik has signed up as part of the SkyTeam group for codeshares. Many of these plans would require the acquisition of more aircraft. Three more planes have been ordered for a November delivery and Arik was in active discussion with both Boeing and Airbus about models, prices and delivery dates for yet more planes. Some flights, like those to the U.S., would be initially done with wet-leased aircraft.

¶4. (SBU) On domestic flights, Arik intended to match Virgin and Bellview prices but to compete on better quality service including food. The cabin staff had been trained by British Airways. As the fleet grows, Arik would make Abuja a second hub for domestic and some international flights. The press launch is scheduled for August 31. Air tickets would be sold through Nigeria's Zenith Bank. The business plan had the airline operating in the black by year three.

¶5. (SBU) In addition to starting up an airline, Van Elk said his team was looking at airport issues and providing advice. Van Elk had a stint as the manager of a Dutch Cargo airport on his resume as well as time at airlines. Arik donated \$2 million to the aviation training facility in Zaria to fund a three-year training program for pilots and mechanics. Arik was tearing down the existing Nigerian Airlines hangar and building a large new modern repair and maintenance hangar. Arik had contracted with Lufthansa to do repair and maintenance at this facility, which would serve all West African airlines. Its location in Lagos at Murtala Muhammed Airport may give it a competitive edge over a larger facility being built in Akwa Ibom state by Dyncorp. Dyncorp executives, in town after the August 12 groundbreaking ceremony for their project, professed to be unconcerned.

¶6. (C) Comment: The airline clearly has good relations with the Aviation Ministry, a fact which has set other airlines muttering (reftels). The rumor mill claims both Rivers State Governor Peter Odili and President Obasanjo as possible backers. By all reports, including that of Van Elk, the airline seems to have plenty of start-up cash. Even given lots of cash and strong political backing, Arik's plans are highly ambitious. Going forward, it will be interesting see if the cash remains available to maintain high standards and if the political connections prove a help rather than a hindrance to running a quality airline.

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